GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2892
ANSWERED ON:17.12.2004
NORMS FOR BANKS
Badiga Shri Ramakrishna

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have drawn any specific plans to fulfil the norms laid down for banks by WTO and basel II;

(b) if so, the details thereof;

(c) whether the Government has instructed the banks to focus on farms credit/ small scale industries., education and other social sectors viz, sanitation and drinking water;

(d) if so, the details thereof, and

(e) the manner in which the present complicate system is likely to be made easy for common man?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b) The RBI has announced, in its Annual Policy statement in May 2004 that banks in foidia should examine in depth the option available under Basel II and draw a road map by end `December 2004 for migration to Basel II and review the progress made thereof at quarterly intervals. To ensure smooth migration to Basel II, RBI has constituted a Steering Committee comprising of senior officials from 14 banks, IBA and RBI. The Steering Committee will have smaller sub groups for addressing various issues.

(c) to (e) : Reserve Bank of India has stipulated targets for lending to priority sectors including agriculture, small scale industries, weaker sections etc. Priority sector includes loans to education also. Targets prescribed for various categories in priority sector are as under :-

Priority Sector	40% of the net bank credit
Agriculture	18% of the net bank credit
Small scale industries	No specified target
Weaker sections	10% of the net bank credit or 25% of the priority sector advances

To give further comfort to farmers in the country, a special relief package was sanctioned to farmers by the Government in June, 2004. This included restructuring/rescheduling the loans, fresh finance to farmers, one time settlement scheme for small and marginal farmers and relief measure for farmers indebted to non-institutional lending.